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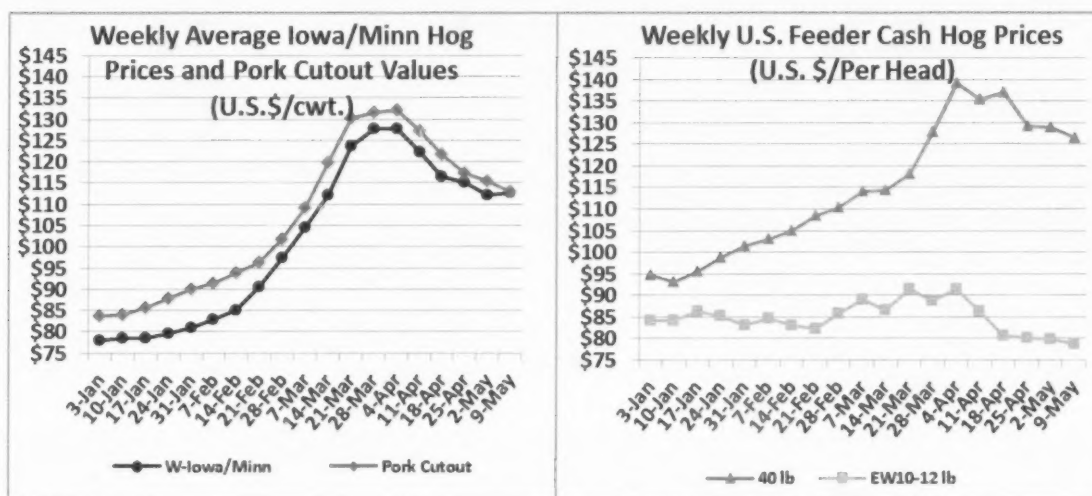
## Weekly Hog Report

May 12, 2014

Over the last week there was one new case of **Porcine Epidemic Diarrhea (PED)** identified in a hog barn and it was in Manitoba. There are currently 58 cases confirmed in hog barns in Ontario, now two in Manitoba, one in PEI, and also one in Quebec for a total of 62 PED cases confirmed in hog barns in Canada.

### Cash Feeder Hog Prices

Last week North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices continued to edge lower. Weighted average cash prices for iso-weans (12lb) were US\$78.75 per head, down US\$0.99 per head from US\$79.74 per head the previous week. Feeders (40lb) were US\$126.42 per head, down US\$2.40 per head from US\$128.82 per head the previous week.



Source: LMIC

Source: LMIC

### Cash Slaughter Weight Hog Prices

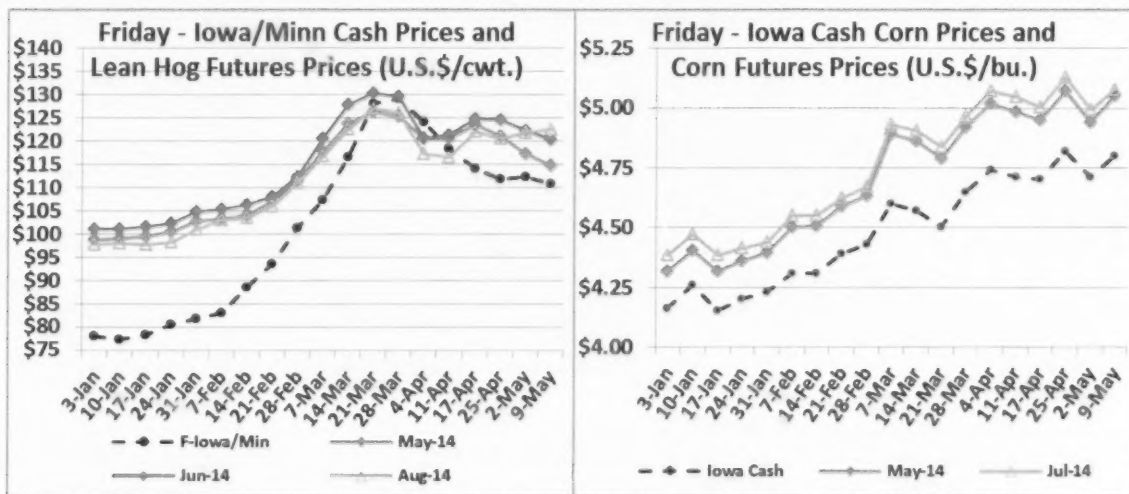
United States daily average cash hog prices ended the week lower as pork cutout values continued to trend lower. The daily average price over the week ranged from US\$110.77 per cwt to US\$114.13 per cwt. Hog prices (Iowa/Minn) on Friday averaged US\$110.77 per cwt, down US\$1.45 per cwt or 1.3 per cent from US\$112.22 per cwt the previous Friday. The negotiated base price for the week averaged US\$112.64 per cwt, up US\$0.56 per cwt or 0.5 per cent from US\$112.08 per cwt the previous week.

In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday May 9, 2014 was \$222.15 per ckg, down \$2.94 per ckg or 1.3 per cent from \$225.09 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged \$225.42 per ckg, up \$0.49 per ckg from the previous weeks' average price of \$224.93 per ckg. The Canadian dollar moved higher last week closing the week Friday at 91.78 cents, up 0.71 cents from the previous Friday's close of 91.07 cents.

### Futures Markets

Lean hog futures prices were mixed last week with most losses coming in the nearby months. The May-to-August 2014 lean hog futures contracts ranged from US\$2.550 per cwt lower to US\$2.575 per cwt higher last week. The nearby May lean hog futures contract again had the largest decline at US\$2.550 per cwt to settle Friday at US\$114.675 per cwt, while the July contract had the largest gain at US\$2.575 per cwt to settle Friday at US\$124.550 per cwt. The Friday Iowa/Minn average daily cash price was US\$110.77 per cwt, US\$3.905 per cwt lower than the May's lean hog futures price.

Prices for other United States nearby commodity futures were higher for corn, wheat, soybeans and crude oil, but lower for gold, week-over-week.



Source: CME

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Iowa cash corn prices and the nearby corn futures were higher over the week. The Iowa cash price on Friday was US\$4.80 per bushel, up 9 cents from US\$4.71 per bushel the previous Friday. The May corn futures contract was up 11 cents and the July contract was up 8 cents to settle Friday at US\$5.05 for May and US\$5.07 per bushel for July.

### Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week for the week ending May 10 were estimated at 2.016 million head, down slightly from 2.019 million head a week ago, and down 3.3 per cent from 2.084 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending May 10 averaged 2.007 million head, down 5.1 per cent from 2.115 million head the same four week period a year ago. Dressed hog weights moved higher last week and were about 216 lb., one lb. heavier than the previous few weeks, and 9 lb. or 4.3 per cent heavier than hog weights a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending May 3, 2014 were estimated at 396,308 head, up 6.7 per cent from 371,475 head the previous week, and up 2.9 per cent from 385,158 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending May 3 were estimated to average 379,760 head, down 4.8 per cent from 398,835 head over the same period a year ago.

### **Meat Production**

U.S. pork production for the week ending May 10 was estimated at 435.8 million lb., up slightly from 435.3 million lb. the previous week, and up 1.1 per cent from 431.0 million lb. the same week a year ago. Pork production over the last four weeks ending May 10 was estimated to average 434.0 million lb., down 1.0 per cent from 438.4 million lb. over the same four week period a year ago.

U.S. beef production for the week ending May 10 was estimated at 471.6 million lb., down 1.9 per cent from 480.6 million lb. the previous week, and down 3.7 per cent from 489.9 million lb. over the same week a year ago.

For the week ending May 3, U.S. production of chicken was estimated at 868.0 million lb., down 3.8 per cent from 902.7 million lb. the previous week, and down 3.5 per cent from 899.5 million lb. during the same week a year ago.

Turkey production for the same week was estimated at 131.9 million lb., up 2.6 per cent from 128.6 million lb. the previous week, but down 4.1 per cent from 137.5 million lb. during the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending May 3, 2014, was estimated at 1.907 billion lb., down 2.2 per cent from 1.950 billion lb. over the same four weeks a year ago.

### **Cutout Values**

The U.S. pork cutout values for the week ending May 10, 2014 averaged US\$112.82 per cwt, down US\$2.59 per cwt or 2.2 per cent from US\$115.41 per cwt from the previous week, but up 27.7 per cent from US\$88.34 per cwt the same week a year ago. Lower pork cutout values over the last month have weighed on hog prices. Strong export markets will be a key factor in sustaining high pork prices into the summer.

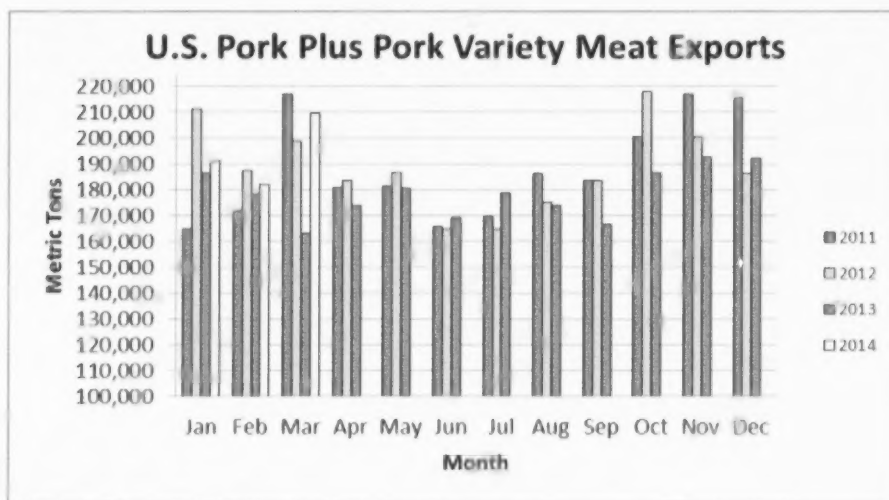
Average beef cutout values (Choice 600-900 lb.) for the week ending May 10 averaged US\$226.57 per cwt, down US\$5.30 per cwt from US\$231.87 per cwt from the previous week, but up 11.4 per cent from US\$203.2 per cwt the same week a year ago.

Chicken values (breasts) for the week ending May 10, 2014 averaged US\$177.55 per cwt, up US\$0.54 per cwt from US\$177.01 per cwt the previous week, but down 5.3 per cent from US\$187.48 per cwt the same week a year ago. Chicken prices have increased noticeably over the last few weeks.

Turkey (hens) values for the week ending May 10, 2014 averaged US\$103.50 per cwt, down US\$2.95 per cwt from US\$106.45 per cwt the previous week, but up 5.8 per cent from US\$97.81 per cwt the same week a year ago. (Source: LMIC)

### United States Pork Exports

United States exported 209,704 metric tons of pork plus pork variety meats in March 2014, up 15.0 per cent from 182,412 metric tons in February 2014, and up 28.6 per cent from 163,004 metric tons in March 2013. By dollar amount, U.S. pork exports in March 2014 were US\$606.7 million, up 19.8 per cent from US\$506.4 million in February 2014, and up 29.2 per cent from US\$469.5 million in March 2013. The surge in U.S. pork exports in March was likely a big factor for record hog and pork prices in North America. The recent decline in hog and pork prices is likely attributable to lower pork exports. More competition from European pork exports and increasing United States pork prices in March has likely had a negative impact on North American pork exports.



Source: U.S. Meat Federation

### USDA World Agricultural Supply and Demand Estimates (WASDE)

On May 9 the USDA released the May World Agricultural Supply and Demand Estimates (WASDE). United States estimates for 2014/15 corn planting acres were estimated at 91.7 million acres, down 3.9 per cent from 95.4 million acres for the 2013/14 crop year. With corn production yield estimates at 165.3 bushels per acre, overall corn production for 2014/15 is projected at 13.935 billion bushels, up slightly from year ago production. With estimated lower feed usage, domestic usage and exports, ending corn stock are estimated to increase 50 per cent to 1.726 billion bushels. The U.S. corn price estimate was decreased to a price range of US\$3.85 to US\$4.55 per bushel.

### USDA May World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat & Poultry
		Beef	Pork	Broiler	Turkey	
2013	Annual	25,791	23,200	37,425	5,729	92,947
2014	Apr. Proj.	24,648	22,777	38,088	5,675	91,986
2014	May Proj.	24,634	22,668	38,017	5,697	91,811
% Chg.	Apr.-May	-0.06%	-0.48%	-0.19%	0.39%	-0.19%
% Chg.	2013-14	-4.49%	-2.29%	1.58%	-0.56%	-1.22%

Source: USDA May WASDE Report, May 9, 2014

The May USDA WASDE report estimated that U.S. Red Meat and Poultry production for 2014 will be 91.811 billion lb., a decrease of 0.19 per cent from the April estimates, and a 1.22 per cent decrease from 2013 production. While U.S. beef production was only revised slightly lower from the April estimates, beef production will be down 4.5 per cent from 2013, the most compared to other meats. Pork production estimates for 2014 were reduced 0.5 per cent from the April estimates due to the Porcine Epidemic Diarrhea virus in the United States. United States meat production for 2014 is projected to decrease for pork (-2.29%), turkeys (-0.56%), and beef (-4.49%), but increase for broilers (+1.58%), from 2013 production.

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